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23 October 1959

MEMORANDUM FOR: Chief, Intelligence Information Staff

ATTENTION : [REDACTED] 25X1A9a

THROUGH : Chief, D/S

FROM : Chief, S/ED

SUBJECT : Contribution to the OGI Periodic Requirements List (PRL) for Western Europe, 1 December 1959 - 31 March 1960.

AUSTRIA

East-West Trade

1. Recent reporting indicates the continuing use of Austria by Swiss intermediaries for transit of clandestine shipments to the Soviet Bloc. Two known diversions involved shipments of French origin thorium metal powder and West German cobalt. (C)

2. The US and Austrian Governments are currently attempting to thwart another possible diversion of cobalt. The shipment, consisting of 2,000 kilos of cobalt acetate and 1,000 kilos of cobalt chlorides, was ordered by Maximilian FRANKEL of Vienna from the Italian firm Azienda Chimiche Vitorro DABINI, for shipment via FIRO CHENIA S.A., Switzerland, a notorious illicit trading firm. As of September 1959, the consignment was reportedly in bond at the Swiss-Austrian border. Frankel disappeared from Austria in early 1959 and is being sought by the police for fraud. His firm, H & M Frankel oGH, is in the process of liquidation. (C)

a. Report any additional details available on the above mentioned cobalt transaction, including: (1) Verification of present location of the cobalt; (2) Proposed routing, transportation and financial arrangements made for shipment to the Bloc; (3) Evidence of guilt or intent to illegally divert this shipment on the part of Frankel, Ferrochemie, Dabini, or others who may be involved; (4) Present whereabouts of Maximilian Frankel. (C)

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b. Report information on other clandestine shipments transiting Austria to the Bloc. (C)

BELGIUM

East-West Trade

1. A diversion by an unnamed Belgian intermediary of 400 US Army jeeps from Korea through Yugoslavia for eventual shipment to Rumania was reported in April 1959. A second 350 jeep shipment was contemplated. This is the fifth report involving the diversion of hundreds of jeeps through Yugoslavia. Bernard and David Lieberman of Paris and Brussels respectively, both of whom have connections in Belgium, have been associated with previous diversion reports concerning jeeps and spare parts, as has the firm Telexport, Vaduz, reportedly owned by each of the Liebemanns on different occasions. (S)

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ITALY

East-West Trade

1. US Licensing of boron products to Italy is once again under close scrutiny as a result of repeated diversions of borax and boric acid produced by the Larderello firm of Pisa, Italy. These diversions were accomplished in spite of Italian assurances that such exports would be placed under the closest scrutiny. (S)

a. Determine the basis on which licenses were granted to Spain and Egypt after US protests that previous shipments were in excess of these countries' requirements. (C)

b. Why did Italian authorities indicate that shipments to Spain and Syria were not diverted in face of fairly conclusive evidence to the contrary? (C)

c. Report any evidence of continued diversion or information on past diversions in the greatest possible detail. (C)

LUXEMBOURG

East-West Trade

1. The firm, Societe Generale pour le Commerce de Produits Industriels (SGECO), Luxembourg, has apparently been negotiating with a West Berlin firm for the delivery of Turkish borax to East Germany. These activities have increased as a result of a recently frustrated diversion of 6,700 tons of borax. The Mintex firm of Istanbul, representing one of Turkey's largest producers of borax, has indicated that they have a customer (unnamed) in Luxembourg for a large quantity of borax. Mintex has reportedly been involved in an attempted diversion of 5,000 tons of borax to Czechoslovakia. Since Marco Schaeffer of SGECO is, or was, on friendly relations with the Czechs, it is possible that his firm is involved in the latter attempt also. (S)

a. Identify SGECO's Turkish suppliers and their contemplated Bloc consumers. If either of the transactions (i.e. with East Germany or Czechoslovakia) should be consummated, provide all details concerning the negotiations, terms, participants and shipment(s). (S)

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SPAIN

East-West Trade 25X1X7

1. Only recently, [REDACTED] was approached by a trader who indicated that he would like to smuggle strategic US materials into Spain through the intercession of a Spanish Army General. This procedure is almost identical with one alleged by Swiss East-West traders to be the basis for shipments believed to have been diverted to Communist China. The Swiss diversionists and the above mentioned trader both claim that the arrangement is made necessary by Spanish prohibitions against certain imports. (C)

a. Consent on any Spanish regulations which might be responsible for such smuggling and on the possibility of high ranking Spanish military personnel becoming involved in such schemes. Determine whether equipment so shipped actually remains in Spain or is re-forwarded. If re-exported, determine the actual destination and provide all details of the transactions and shipments. (C)

2. Shipments of Italian borax have been exported from the Lardarville firm in Italy to Spain in quantities exceeding Spanish ability to consume them. (C)

a. Determine the disposition of these shipments. (C)

b. Identify Spanish consignees and their customers. (C)

c. Provide details of the transactions. (C)

SWITZERLAND

East-West Trade

1. The Turkish exporter, Husemettin Yakul, and the West German intermediary, George Pavlarios, involved in the recently frustrated diversion of Turkish borax have both reportedly traveled to Switzerland recently. The Greek government, still in possession of the seized borax, has received inquiries from three Swiss chemical firms, Hoffmann - La Roche, Geigy A.G. and CIBA A.G. (S)

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a. Determine whether the visits of Yakel and Tavlaris involved the seized borax or other planned diversions. Provide details of their activities in Switzerland. (S)

b. Are the Swiss chemical firms attempting to purchase the chemicals on behalf of any of the principals of the frustrated diversion or for Bloc customers? (C)

2. East-west traders of questionable reputation located in Switzerland have apparently been requested by Bloc purchasers to acquire boron ore and other boron products from the West. These firms and individuals have recently placed orders in Turkey, Argentina, Italy and West Germany during recent months. (C)

a. Report all information concerning significant Swiss imports or transit trade in borax or boron products. (C)

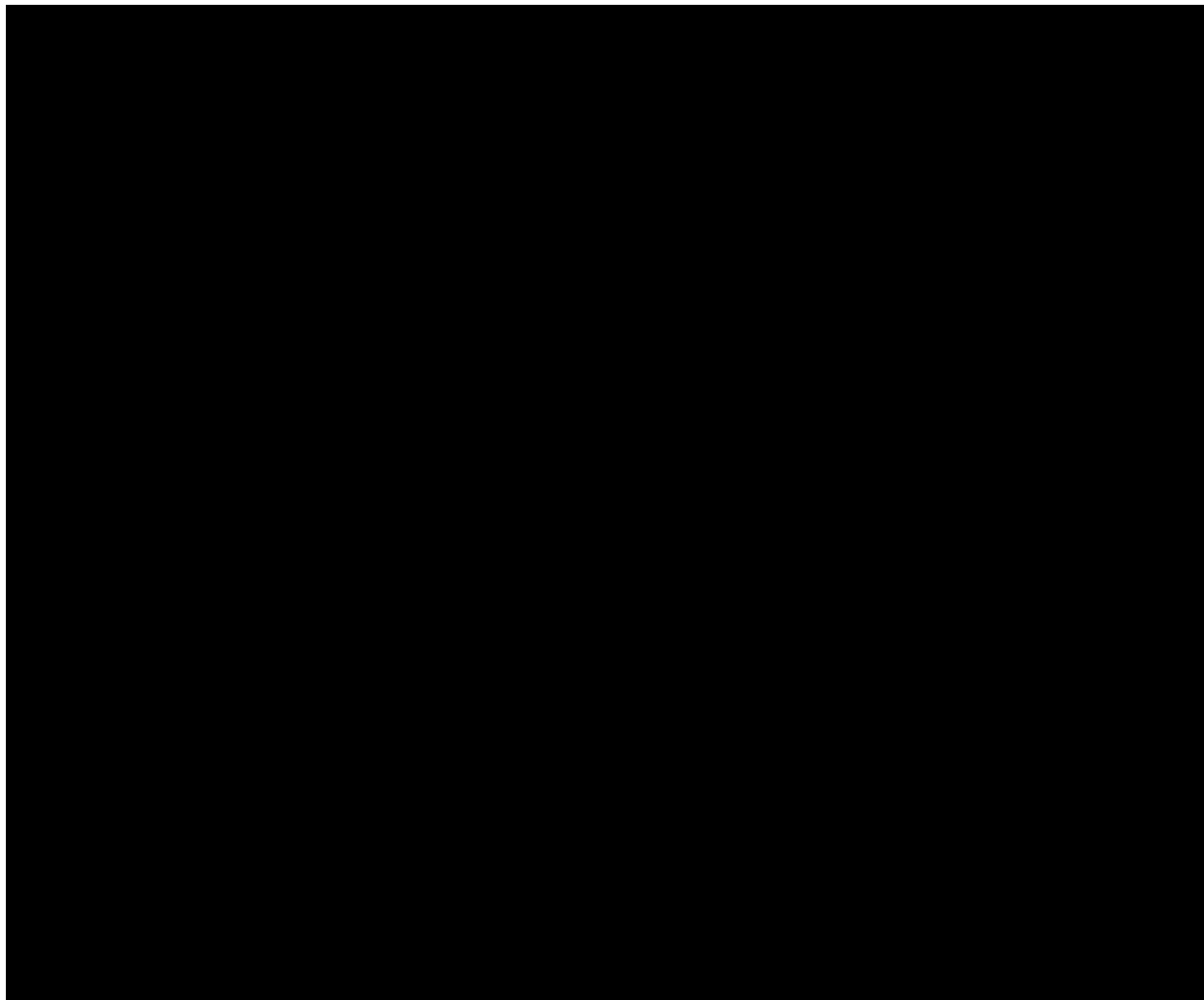
b. Indicate information including details of negotiations between Swiss traders and either Bloc purchasers or Free World suppliers in the above mentioned commodities. (C)

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Distribution:

- Orig and 1 - Addressee
- 1 - D/S
- 1 - S/TD
- 1 - S/TD/T
- 1 - [redacted] 25X1A9a
- 1 - [redacted]
- 1 - Requirements file

RR/S/TD/MZ, CT: jm/8428 (23 October 1959)

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